

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**IN RESPECT OF THE YEAR ENDED**

**31 DECEMBER 2001**



# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

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## **DIRECTORS' REPORT**

Directors: G Dransfield  
K J Ludlam  
J R Read

Secretary: P D Tunnacliffe

Registered Office: 1 Grosvenor Place, London SW1X 7JH

The directors present their report and the audited accounts of the company for the year ended 31 December 2001.

## **PRINCIPAL ACTIVITY**

The principal activity of the company is to act as an investment holding company.

## **RESULTS AND DIVIDENDS**

The loss for the year amounted to £957,000 (2000 - 18 months profit of £160,834,000). The directors do not recommend the payment of a dividend for the year.

## **DIRECTORS AND THEIR INTEREST**

The directors shown at the head of this report are currently in office and served throughout the year.

## **DIRECTORS' INTERESTS**

None of the directors had any declarable interest in the share or loan capital of the company during the year under review.

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 2001. The interests of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 2001.

## **REVIEW OF BUSINESS DEVELOPMENTS**

On 30 November 2001, the company disposed of its investment in Pioneer International BV to a fellow subsidiary for £151,730,000. The subsidiary undertakings and their activities are given in note 5 to the accounts.

**DIRECTORS' REPORT**

**AUDITORS**

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

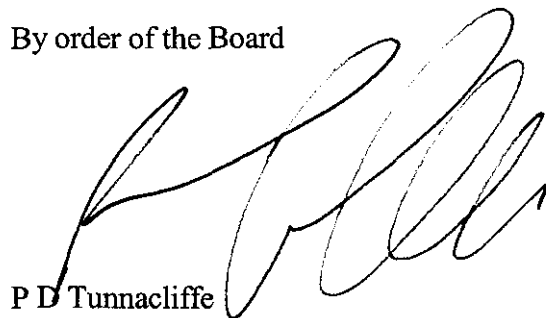
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



P D Tunnacliffe  
Secretary  
30 October 2002

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

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We have audited the company's financial statements for the year ended 31 December 2001 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

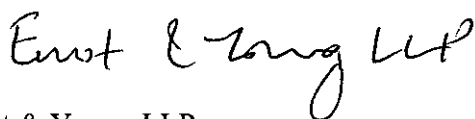
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London  
30 October 2002

**PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>Note</u>	<u>12 Months</u> <u>2001</u> <u>£ 000</u>	<u>18 Months</u> <u>2000</u> <u>£ 000</u>
Income from investments	2	-	27,823
Provision for diminution in value of investments		(702)	(87,569)
Other costs		<u>(275)</u>	<u>(625)</u>
OPERATING (LOSS)		(977)	(60,371)
Profit on sale of investments		-	221,205
Interest		<u>20</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(957)	160,834
Taxation	4	-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(957)</u>	<u>160,834</u>
Dividends		<u>-</u>	<u>(7,613)</u>
(LOSS)/RETAINED PROFIT FOR THE YEAR		<u>(957)</u>	<u>153,221</u>

The movement in reserves is set out in note 10.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

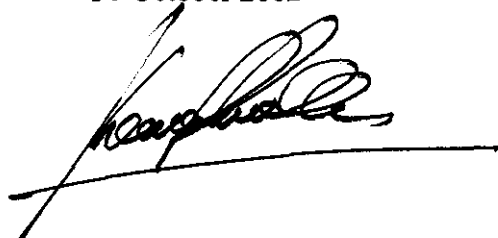
There are no recognised gains and losses other than the loss in the period of £957,000 (2000 – profit for the 18 months of £160,834,000) attributable to shareholders of the company, shown above.

# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

## **BALANCE SHEET AT 31 DECEMBER 2001**

	<u>Note</u>	<u>12 Months</u> <u>2001</u> <u>£ 000</u>	<u>18 Months</u> <u>2000</u> <u>£ 000</u>
<b>FIXED ASSETS</b>			
Investments	5	878,406	1,030,864
<b>CURRENT ASSETS</b>			
Debtors	6	175,932	25,631
Cash at bank and in hand		1,654	135
		<u>177,586</u>	<u>25,766</u>
Creditors (amounts falling due within one year)	7	<u>(11,545)</u>	<u>(11,226)</u>
<b>NET CURRENT ASSETS</b>		<u>166,041</u>	<u>14,540</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,044,447</u>	<u>1,045,404</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	108,628	108,628
Share premium	9	744,476	744,476
Profit and loss account	9	191,343	192,300
<b>SHAREHOLDERS' FUNDS</b>		<u>1,044,447</u>	<u>1,045,404</u>
Shown as:			
Equity interests		934,506	941,469
Non-equity interests		109,941	103,935
	9	<u>1,044,447</u>	<u>1,045,404</u>

Approved and signed on behalf of the Board  
30 October 2002



K J Ludlam  
Director

The accompanying notes are an integral part of this balance sheet.

# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS – 31 DECEMBER 2001**

### **1 ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a) **Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company has taken advantage of the exemption available to it under FRS 1 "Cash Flow Statements" not to prepare a statement of cash flows.

b) **Consolidated accounts**

The company is a wholly owned subsidiary of a body incorporated in the European Union and advantage has been taken of Section 228 of the Companies Act 1985 in that consolidated accounts have not been prepared. The accounts therefore present information about the company as an individual undertaking. Certain comparative figures have been restated so as to conform with the current period's presentation.

c) **Fixed asset investments**

Investments in subsidiary undertakings are included at cost less any provisions required to reflect a permanent diminution in value.

### **2 INCOME FROM INVESTMENTS**

	<u>12 months</u>	<u>18 months</u>
	<u>2001</u>	<u>2000</u>
	<u>£ 000</u>	<u>£ 000</u>
Dividends received	-	27,823

### **3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	<u>12 months</u>	<u>18 months</u>
	<u>2001</u>	<u>2000</u>
	<u>£ 000</u>	<u>£ 000</u>
Auditors' remuneration	-	-
Directors' remuneration	-	-

Fees for audit and non-audit services provided by Ernst & Young LLP to the company have been borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relates to the company.

The directors are also directors of, and were paid by, the ultimate parent undertaking and/or other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors of the ultimate parent undertaking and/or other group undertaking.

# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS – 31 DECEMBER 2001**

### **4 TAXATION**

There is no liability to taxation on the result for the year.

### **5 FIXED ASSET INVESTMENTS**

	<b><u>Shares in Subsidiary Undertakings</u></b> <b><u>£000</u></b>
<b>COST</b>	
At 31 December 2000	1,118,433
Disposals	(228,417)
At 31 December 2001	<u>890,016</u>
<b>PROVISION</b>	
At 31 December 2000	87,569
Provision in year	702
Released on disposals	(76,661)
At 31 December 2001	<u>11,610</u>
<b>NET BOOK VALUE</b>	
At 31 December 2001	<u>878,406</u>
At 31 December 2000	<u>1,030,864</u>

The subsidiary undertakings at 31 December 2001 are:

Slotcount Ltd	Holding Company	40.6%
Pioneer International Management Services Ltd	Dormant	100%

In the opinion of the directors, the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are shown in the balance sheet.

### **6 DEBTORS**

	<b><u>2001</u></b> <b><u>£ 000</u></b>	<b><u>2000</u></b> <b><u>£ 000</u></b>
Amounts owed by group undertakings	175,924	25,432
Other debtors	8	199
	<u>175,932</u>	<u>25,631</u>

### **7 CREDITORS**

	<b><u>2001</u></b> <b><u>£ 000</u></b>	<b><u>2000</u></b> <b><u>£ 000</u></b>
Amounts owed to group undertakings	11,545	10,676
Other creditors	-	550
	<u>11,545</u>	<u>11,226</u>

# PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

### 8 CALLED-UP SHARE CAPITAL

	<u>2001</u> <u>£ 000</u>	<u>2000</u> <u>£ 000</u>
<b>Authorised</b>		
10,000,000 'B' redeemable preference shares of £1 each	10,000	10,000
Aus\$1,500,000,000 shares divided into 500,000,000 ordinary shares of Aus\$1 each and 1,000,000,000 'A' redeemable preference shares of Aus\$1 each	668,552	668,552
US\$1,000,000,000 US\$1 Class C redeemable preference shares	632,791	632,791
	<u>1,311,343</u>	<u>1,311,343</u>
<b>Allotted, called up and fully paid</b>		
<i>Equity shares</i>		
5,067,559 ordinary shares of Aus\$1 each	2,257	2,257
6,437,738 ordinary shares of Aus\$1 each	<u>2,436</u>	<u>2,436</u>
<i>Non-equity shares</i>		
6,709,455 'B' redeemable preference shares of £1 each	6,710	6,710
150,000,000 'C' redeemable preference shares of US\$1 each	94,150	94,150
6,900,000 'A' redeemable preference shares of Aus\$1 each	3,075	3,075
	<u>108,628</u>	<u>108,628</u>

The attached to the non-equity shareholdings are as follows:

#### *'A' redeemable preference shares of Aus\$1 each*

'A' redeemable preference shares are redeemable at the option of the Company on or at any time after May 11, 1995 but not less than 30 days notice to the holders of the 'A' redeemable preference shares. They are redeemable at the aggregate amount of capital paid up upon the shares and any premium paid on allotment and together with all arrears of dividend and any interest thereon. Holders of 'A' shares are entitled to a fixed non cumulative preferential cash dividend at the rate of 5% per annum. Interest shall accrue and be payable on demand in respect of arrears of dividends at base rate plus 5%.

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2001**

Holders of 'A' shares have the right to receive notice of and to attend and speak but not to vote at any general meeting of the Company save that if:

- at the date of the notice or requisition to convene the meeting, any dividend payable on the A redeemable Preference Shares shall be in arrear for six calendar months or more or the Company shall have failed to redeem any of such shares then due for redemption; or
- the meeting is convened for the purpose of considering the purchase by the Company of any of its own shares, a reduction of the capital of, or the winding up of, the Company; or
- the proposition to be submitted to the meeting subrogates or varies or otherwise directly affects the special rights and privileges attaching to the 'A' shares.

In this situation, the 'A' shareholders will receive one vote.

*'B' redeemable preference shares of £1 each*

'B' redeemable preference shares are redeemable at the option of the Company after giving 30 days notice to the holders of the 'B' redeemable preference shares. They are redeemable at the aggregate amount of capital paid up upon the shares and any premium paid on allotment and together with all arrears of dividend and any interest thereon. Holders of 'B' shares are entitled to a fixed non cumulative preferential cash dividend at the rate of 5% per annum. Interest shall accrue and be payable on demand in respect of arrears of dividends at base rate plus 5%.

Holders of 'B' shares have the right to receive notice of and to attend and speak and to vote at any general meeting of the Company. Each 'B' shareholder is entitled to one vote.

*'C' redeemable preference shares of US\$1 each*

'C' redeemable preference shares are redeemable at the option of the Company at any time after issue giving 30 days notice to the holders of the 'B' redeemable preference shares. They are redeemable at the aggregate amount of capital paid up upon the shares and any premium paid on allotment and together with all arrears of dividend and any interest thereon. Holders of 'C' shares are entitled to a fixed cumulative cash dividend at the rate of 6.38% per annum and applied on the basis of actual days elapsed on the nominal value of such shares. These dividends are payable quarterly and shall accumulate until paid out of profits available for distribution.

Holders of 'C' shares have the right to receive notice of and to attend and speak but not to vote at any general meeting of the Company save that if at the date of the notice or requisition to convene the meeting, any dividend payable on the A redeemable Preference Shares shall be in arrear for six calendar months or more or the Company shall have failed to redeem any of such shares then due for redemption. In this case, each 'C' share holder will have one vote.

On winding up, each of the preference shares ranks in priority to the Company's ordinary share capital, but ranks *pari passu* with any other Redeemable Preference Share.

No dividends were declared during the year. The accrued 6.38% cumulative preference dividend not yet declared on the 'C' shares of £6,006 has been shown as an appropriation of profit and loss account and an addition to non-equity shareholders funds in the balance sheet.

# **PIONEER INTERNATIONAL GROUP HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS – 31 DECEMBER 2001**

### **9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2001</u> <u>£ 000</u>	<u>2000</u> <u>£ 000</u>
(Loss)/profit attributable to members of the company	(957)	160,834
Dividends	-	(7,613)
	<u>(957)</u>	<u>(153,221)</u>
New share capital subscribed	-	409,178
Increase in cumulative dividends not declared	(6,006)	-
Increase in non-equity shareholders funds	6,006	-
	<u>(957)</u>	<u>562,399</u>
Opening shareholders' funds	1,045,404	483,005
Closing shareholders' funds	<u>1,044,447</u>	<u>1,045,404</u>

### **10 RESERVES**

	<u>Share</u> <u>Capital</u>  <u>£000</u>	<u>Share</u> <u>Premium</u>  <u>£ 000</u>	<u>Profit &amp;</u> <u>Loss</u> <u>Account</u> <u>£ 000</u>	<u>Total</u>  <u>£ 000</u>
Balance at 1 July 1999	106,192	337,734	39,079	483,005
Shares issued	2,436	406,742	-	409,178
Retained profit for the period	-	-	153,221	153,221
Balance at 31 December 2000	108,628	744,476	192,300	1,045,404
Retained profit for the year	-	-	(957)	(957)
Balance at 31 December 2001	<u>108,628</u>	<u>744,476</u>	<u>191,343</u>	<u>1,044,447</u>

### **11 GROUP ACCOUNTS**

The immediate parent undertaking of Pioneer International Group Holdings Limited is Pioneer International Holdings Pty Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest group preparing consolidated group accounts which include Pioneer International Group Holdings Limited is Hanson PLC and the smallest group preparing consolidated group accounts is Houserate Limited, a company registered in England and Wales.

Copies of the accounts of Hanson PLC and Houserate Limited can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the Hanson PLC group.